

Position 5

USDA-FmHA
Form FmHA 1955-20
(Rev. 9-94)

LEASE OF REAL PROPERTY

1. APPLICATION CODE		2. CASE NUMBER LESSEE		3. OK CODE		4. PROPERTY ID NUMBER	
1 — "A" APPLICATION 2 — "I" INCREASE/CROP PERCENTAGE 3 — "P" PARTIAL CANCELLATION		4 — "F" FULL CANCELLATION 5 — "D" DELETION/REVERSAL 6 — "C" REVERSAL OF PARTIAL CANCELLATION		7 — "L" REVERSAL OF FULL CANCELLATION 8 — "S" STATISTICAL CHANGE			
ST CO LESSEE ID							
5. LESSEE NAME AND ADDRESS		6. LEASE TYPE CODE					
		01 — LUMP SUM 02 — CROP PERCENTAGE 03 — MONTHLY 04 — PERIODIC PAYMENTS 06 — TRANSITIONAL HOUSING FOR THE HOMELESS (SFH ONLY) 07 — NATURAL DISASTER (SFH ONLY)		21 — LUMP SUM HOMESTEAD PROTECTION (HP) 23 — MONTHLY HP 24 — PERIODIC PAYMENTS HP 31 — LUMP SUM FARM BUY-BACK (FBB) 32 — CROP PERCENTAGE FBB 33 — MONTHLY FBB 34 — PERIODIC PAYMENTS FBB 41 — LUMP SUM WITH OPTION TO PURCHASE (OP) 42 — CROP PERCENTAGE OP 43 — MONTHLY OP 44 — PERIODIC PAYMENT OP			
ZIP CODE							
7. NUMBER OF NAME FIELDS		8. NUMBER OF ADDRESS FIELDS		9. DATE LEASE EFFECTIVE		10. DATE LEASE ENDS	
				MO DA YR		MO DA YR	
11. LEASE NO.							
12. LESSEE RACE CODE		13. LESSEE RELATIONSHIP CODE		14. LESSEE KIND CODE		15. LESSEE TYPE CODE	
1 — WHITE 2 — BLACK (AFRICAN AMERICAN) 3 — AMERICAN INDIAN - ALASKAN NATIVE 4 — HISPANIC 5 — ASIAN - PACIFIC ISLANDER 7 — TAX EXEMPT 8 — NON-TAX EXEMPT		01 — IMMEDIATE PREVIOUS BORROWER-OWNER 02 — SPOUSE OF PREVIOUS BORROWER-OWNER ACTIVELY ENGAGED IN FARMING 03 — CHILD OF PREVIOUS BORROWER-OWNER ACTIVELY ENGAGED IN FARMING 04 — STOCKHOLDER OF CORPORATION THAT WAS PREVIOUS BORROWER-OWNER 05 — IMMEDIATE PREVIOUS FAMILY SIZE FARM OPERATOR 06 — OPERATORS OF NOT LARGER THAN FAMILY-SIZE FARM 07 — INDIAN MEMBER OF TRIBE THAT HAS JURISDICTION 08 — INDIAN CORPORATE ENTITY 09 — INDIAN TRIBE ITSELF 10 — UNRELATED		00 — ALL OTHERS 05 — SOCIALLY DISADVANTAGED - ETHNIC 06 — SOCIALLY DISADVANTAGED - GENDER		01 — INDIVIDUAL 02 — GENERAL PARTNERSHIP 03 — LIMITED PARTNERSHIP 04 — CORPORATION 05 — PUBLIC BODY 06 — NON-PROFIT 07 — ASSOCIATION OF FARMERS 08 — ORGANIZATION OF FARMERS 09 — BEGINNING FARMER 10 — FARMER 11 — OTHER	
16. AMOUNT OF LEASE CHARGE							
17. AMOUNT OF FIRST INSTALLMENT				18. DATE OF FIRST INSTALLMENT		MO DA YR	
19. AMOUNT OF SECOND INSTALLMENT				20. DATE OF SECOND INSTALLMENT		MO DA YR	
21. AMOUNT OF THIRD INSTALLMENT				22. DATE OF THIRD INSTALLMENT		MO DA YR	
23. AMOUNT OF FOURTH INSTALLMENT				24. DATE OF FOURTH INSTALLMENT		MO DA YR	
25. AMOUNT OF FIFTH INSTALLMENT				26. DATE OF FIFTH INSTALLMENT		MO DA YR	
27. SECURITY DEPOSIT AMOUNT				28. DATE SECURITY DEPOSIT REMITTED		MO DA YR	
29. SUBJECT TO REDEMPTION RIGHTS				30. DATE REDEMPTION RIGHTS EXPIRE		MO DA YR	
1 — YES 2 — NO							

Used in the leasing of property by the Government—both property in Government inventory and property serving as security for FmHA loans when FmHA has taken possession.

(see reverse)

PROCEDURE FOR PREPARATION

: FmHA Instructions 1951-S, 1955-B, and 2033-A, Exhibit C.

PREPARED BY

: FmHA official authorized by FmHA Instruction 1955-B to lease property.

NUMBER OF COPIES

: Original and two.

SIGNATURES REQUIRED

: Original signed by Lessee and FmHA official authorized to approve; copies conformed.

DISTRIBUTION OF COPIES

: Original to borrower's file or inventory file. Copy to Lessee and State Office. Copy to prior lienholder(s), if required. NOTE: Prior lienholder copies will be photocopied, if needed.

ADPS RELATED TRANSACTION CODE

: 1S, Lease of Real Property.

NOTE: Process the lease via the FmHA field office terminal system for inventory property. Do not process the lease via the FmHA field office terminal system for custodial (borrower owned) property.

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LEASE OF REAL PROPERTY

31. REMARKS AND SPECIAL STIPULATIONS:

Continuation of Remarks/Special Stipulations is attached.

32. The United States of America acting through the Farmers Home Administration (FmHA) as the Lessor agrees to lease to the above-named Lessee, and the Lessee hereby leases to occupy and/or use; subject to redemption rights, if any, and the general provisions set forth on the reverse, Special

Stipulations above, and in any attachments, the property located at _____
in the County of _____, State of _____.

33. FARMERS HOME ADMINISTRATION, Lessor

Lessee

BY: _____

TITLE: _____

DATE: _____

DATE: _____

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GENERAL PROVISIONS

1. **PAYMENTS.** - The Lessee will pay to the Lessor the rent set forth in cash, certified check, cashier's check, money order or personal check payable to the order of the Farmers Home Administration at the address given or to such other party as designated in writing by Lessor.
2. **SECURITY DEPOSIT.** - If the security deposit block on the face of this lease is marked "yes", then receipt of the sum following is hereby acknowledged by the Lessor. This deposit is to be held by Lessor as security for the full and faithful performance of all of the terms and conditions of this lease. Upon termination or expiration of this lease the surrender of all keys to the Lessor and the vacating of the property by the Lessee, the Lessee shall be entitled to the return of the above security deposit providing the property is vacated in as good condition as it was at the time it was first occupied by the Lessee, reasonable wear and tear excepted. Deductions may be made from this security deposit by the Lessor to reimburse Lessor for the cost of repairing or replacing property that may be broken, damaged, lost or missing. This security deposit is not an advance on the rental payment and Lessee may not deduct any portion of it from rent due the Lessor. The security deposit, less any deductions, will be refunded to the Lessee six weeks after the property has been vacated by the Lessee and inspected by the Lessor. It is understood that no interest shall accrue to the security deposit.
3. **UTILITY COSTS.** - Utilities and operating expenses are not included in the rent and are the responsibility of the Lessee.
4. **DELAY IN OCCUPANCY.** - Should the property not be ready for occupancy on the beginning date as indicated above, this lease shall not be affected thereby but Lessee shall owe rent commencing with the date on which the Lessee can occupy the property or the property is ready for occupancy, as determined by the Lessor.
5. **INTERRUPTED OCCUPANCY.** - Should the property be destroyed or materially damaged during the period of this lease so as to render it wholly unfit for occupancy by unforeseen event not due to any fault or neglect of Lessee, the lease shall be terminated and the Lessee shall be entitled to a credit or refund for the unexpired term of the lease for which payment has been made.
6. **POSTING OF PROPERTY BY LESSOR.** - Lessor reserves the right to post the property with "For Sale," "For Rent," or other appropriate signs during the period of this lease, and Lessee will allow parties authorized by Lessor to visit and inspect the premises during reasonable hours by appointment in view of purchasing or renting during the entire term of this lease.
7. **PROPERTY FOR SALE.** - Lessee understands that the premises may be offered for sale and that in the event of a sale, the lease is transferred to the purchaser.
8. **RIGHT OF INGRESS AND EGRESS BY LESSOR.** - The Lessor shall have the right of ingress and egress at all reasonable times over, across, and upon the property for the prevention of soil erosion and pollution and control or the improvement of the property for farming and residential or other purposes, and for those purposes, the right to construct upon, repair, alter, or improve the property, and to drain, terrace, and ditch the land; and the Lessee hereby waives and releases any and all claims against the Lessor for any damages arising from any entry, operation, activity or inactivity by the Lessor on the property in the reasonable exercise of any of its rights hereunder.
9. **USE OF RESIDENTIAL PROPERTY.** - Lessee agrees that the premises, if residential, shall be occupied only by the Lessee and the Lessee's family for residential purposes only. No business of any kind shall be carried on, in or from the premises without the prior written consent of the Lessor.
10. **PARKING AND AUTOMOTIVE REPAIRS.** - Lessee agrees that Lessee and Lessee's guests shall use only the parking space(s) specifically designated by the Lessor. Lessee agrees, except for emergency towing or starting repairs, that no repairs or maintenance of vehicles will be performed in the parking area or elsewhere on or about the premises.
11. **NOISE.** - Lessee agrees that Lessee and Lessee's family and guests will refrain from causing or permitting any unnecessary loud noise from any source including human voices to emit from the premises and at all times, a reasonable degree of quiet shall be maintained.
12. **LAUNDRY FACILITIES.** - Lessee agrees that any laundry facilities provided shall not be used for any purpose other than normal washing and drying of clothing and domestic linen.
13. **MAINTAINING PROPERTY.** - The Lessee shall maintain the premises in a clean, sanitary, safe and satisfactory condition as at occupancy, reasonable wear and tear excepted. The Lessee shall ensure that tenant(s) will not commit waste or permit waste to be committed on leased premises and that the premises will not be used for any purposes which are violative of local ordinances or federal or state regulations or statutes.
14. **REMOVAL OR CONSTRUCTION BY LESSEE.** - The Lessee shall not without the consent of the Lessor, demolish, alter, add to, or remove any buildings or structures on the property. No holes shall be drilled in the walls, wood-work or floors, no antenna shall be installed, and no painting or wall papering is permitted unless authorized in writing by Lessor.
15. **DEDUCTIONS FOR REPAIRS.** - The Lessee waives all rights to make deductions and off-sets from the rent for repair and improvements unless the prior written approval for the Lessor is obtained. Any repairs, alterations or improvements for leased premises, undertaken by the Lessee without such prior written approval shall be deemed the voluntary acts of the Lessee.
16. **PAYMENT FOR DAMAGES.** - Lessee agrees to pay Lessor the cost for repair of any damage to the property inflicted intentionally or inadvertently by Lessee or Lessee's guests.
17. **INSURANCE.** - Lessee understands that Lessor does not and has no obligation to carry insurance on the property or its contents.
18. **ASSIGNMENT AND SUBLETTING.** - The leased premises may not be sublet, in whole or in part, nor the lease assigned, voluntarily or otherwise, except that in the case of the death or incompetency of the Lessee the lease may be assigned to and assigned by the spouse of the Lessee. The leased premises may not be sublet in whole or in part nor the lease assigned without the prior written consent of the Lessor.
19. **TERMINATION OF LEASE.** - Except as provided in Special Stipulations on the face or attached, this lease may be terminated by either party upon 30 days written notice to the other party at that party's address set forth in this lease. If the premises are sold, subject to the lease, the new owner thereof may terminate this lease by giving 30 days notice to Lessee in the same manner, but in any event, the Lessee shall retain the right to harvest any existing crops.
20. **VACATING THE PROPERTY.** - Upon the expiration or termination of this lease, and without further notice, the Lessee shall forthwith peaceably vacate and surrender possession of the property in as good condition as the property is now or shall be put during the term of this lease, reasonable wear and tear excepted. Upon failure of the Lessee forthwith to vacate and surrender possession of the property, the Lessee shall remain in possession thereof only as a tenant at the sufferance of the Lessor who may immediately, or at any time thereafter, re-enter the property and remove all persons and property therefrom, either by summary dispossession proceedings or by any other suitable action or proceeding at law, or otherwise, without being liable to damage therefor.
21. **REMOVAL OF PERSONAL PROPERTY.** - Any personal property belonging to the Lessee and left on the leased premises after termination or expiration of the lease may be disposed of by Lessor in any manner deemed proper and Lessor is hereby relieved of all liability for doing so.
22. **RELEASE FROM CLAIMS AND LIABILITY.** - Lessee hereby agrees to relieve and hold harmless Lessor and any of the Lessor's employees for any and all claims for damage to the Lessee's property and any and all liability that may occur in connection with this lease.
23. **MEMBERS OF OR DELEGATES TO CONGRESS.** - No member of or delegate to Congress shall be admitted to any share or part of this agreement or any benefit that may arise therefrom.

Form FmHA 1955-20

INSTRUCTIONS FOR PREPARATION

We recommend obtaining a printout of the Acquired Property (AP) and Lease (LE) status screens, if available, before attempting to determine the required data for input.

1. Enter the application code:

- | | |
|----------------------------------|--|
| 1 - "A" Application | 5 - "D" Deletion/Reversal |
| 2 - "I" Increase/Crop Percentage | 6 - "C" Reversal of Partial Cancellation |
| 3 - "P" Partial Cancellation | 7 - "L" Reversal of Full Cancellation |
| 4 - "F" Full Cancellation | 8 - "S" Statistical Changes |

The data required to be entered in blocks 3 through 26 is determined by the application code. For application code(s):

- 1 - "A" Application, or 8 - "S" Statistical Changes, complete blocks 3 through 26.
- 2 - "I" Increase/Crop Percentage, 3 - "P" Partial Cancellation, 6 - "C" Reversal of Partial Cancellation, or 7 - "L" Reversal of Full Cancellation, complete blocks 3 through 6, 9 through 11, and 16 through 26.
- 4 - "F" Full Cancellation, or 5 - "D" Deletion/Reversal complete blocks 3 through 6, 9 through 11, and 16.

2. Enter the state and county code followed by the lessee's social security number.

3. Enter OK code 9 to remove suspend codes other than 4.

- a. OK Code 3 - Used when application code equals 2 - "I" Increase/Crop Percentage, and the amount of lease charge entered is negative.
- b. OK Code 9 - Removes suspend code other than 4.

4. Enter the property ID of the property to be leased.

5. Enter the lessee's name (using up to 3 lines) and address. Enter the lessee's ZIP code on line 6.

6. Enter the appropriate code number to identify the type of lease:

- 01 - Lump Sum
- 02 - Crop Percentage
- 03 - Monthly
- 04 - Periodic Payments
- 06 - Transitional Housing for the Homeless (SFH only)
- 07 - Natural Disaster (SFH only)
- 21 - Lump Sum Homestead Protection
- 23 - Monthly Homestead Protection
- 24 - Periodic Payments/Homestead Protection
- 31 - Lump Sum/Farm Buy-Back
- 32 - Crop Percentage/Farm Buy-Back
- 33 - Monthly/Farm Buy-Back
- 34 - Periodic Payments/Farm Buy-Back
- 41 - Lump Sum with Option to Purchase
- 42 - Crop Percentage with Option to Purchase
- 43 - Monthly with Option to Purchase
- 44 - Periodic Payments with Option to Purchase

7. Enter the number of name fields used in Item 5.

8. Enter the number of address fields used in Item 5. NOTE: The ZIP code **SHOULD NOT** be included in the number of address fields.
9. Enter the date the lease begins. Example 12/01/91.
10. Enter the date the lease ends. Example 12/01/96.
NOTE: The term of the lease is limited to the following restrictions:
Lease Type Codes 01, 02, 03, 04, 41, 42, 43 and 44 **CANNOT** exceed 3 years.
Lease Type Code 06 **CANNOT** exceed 10 years.
Lease Type Code 07 **CANNOT** exceed 1 year.
Lease Type Codes 21, 23, 24, 31, 32, 33, and 34 **CANNOT** exceed 5 years.
11. Enter the lease number. This will be generated for application code "A" and should be left blank in those situations.
12. Enter the appropriate code to identify the race of the lessee:

1 - White	
2 - Black (African American)	5 - Asian - Pacific Islander
3 - American Indian - Alaskan Native	7 - Tax Exempt
4 - Hispanic	8 - Non Tax Exempt
13. Enter the appropriate code to identify the relationship of the lessee to the leased property: (FP ONLY)
 - 01 - Immediate previous borrower-owner
 - 02 - Spouse of previous borrower-owner actively engaged in farming
 - 03 - Child of previous borrower-owner actively engaged in farming
 - 04 - Stockholder of corporation that was previous borrower-owner
 - 05 - Immediate previous family size operator (operator of farm the same size as previous borrower-owner size farm)
 - 06 - Operators of not larger than family-size farms
 - 07 - Indian member of tribe that has jurisdiction
 - 08 - Indian corporate entity
 - 09 - Indian tribe itself
 - 10 - Unrelated
14. Enter the appropriate code to identify whether the lease was for a socially disadvantaged lessee. (FP ONLY)
 - 00 - All Others
 - 05 - Socially Disadvantaged - Ethnic
 - 06 - Socially Disadvantaged - Gender
15. Enter the appropriate code to identify the type of lessee:
 - 01 - Individual
 - 02 - General Partnership
 - 03 - Limited Partnership
 - 04 - Corporation
 - 05 - Public Body
 - 06 - Non-Profit
 - 07 - Association of Farmers
 - 08 - Organization of Farmers
 - 09 - Beginning Farmer
 - 10 - Farmer
 - 11 - Other

16. For application code 1 - "A" Application, enter the total amount to be paid during the term of the lease, for lump sum, monthly, periodic payments, transitional housing, or natural disaster. For transitional housing, the amount of lease charge must equal \$1, and for natural disaster, the amount of lease charge may be equal to \$0. For leases based on crop percentage, leave blank for initial application (application code 2 - "I" Increase/Crop Percentage, below). Payments should be submitted in accordance with FmHA Instruction 1951-B.

For application code 2 - "I" Increase/Crop Percentage, when the first crop proceeds are collected, and for each collection thereafter, enter the amount collected. This amount should also be recorded in the corresponding installment amount field. For example the crop proceeds collected in the first year should be recorded in item 16 and item 17 (Amount of First Installment) and the crop proceeds collected in the second year should be recorded in item 16 and item 19 (Amount of Second Installment).

For application code 3 - "P" Partial Cancellation, enter the amount of the lease charge being cancelled. The amount must be negative.

For application codes 4 - "F" Full Cancellation, or 5- "D" Deletion/Reversal, enter the amount to be cancelled. Must be equal to negative \$1 if lease type code equals 06. Must be less than zero if lease type code does NOT equal 02, 07, 32, or 42. Must be less than or equal to zero if lease type code does equal 02, 07, 32, or 42.

For application codes 6 - "C" Reversal of Partial Cancellation, or 7 - "L" Reversal of Full Cancellation, enter the amount previously cancelled. The amount must be positive.

For application code 8 - "S" Statistical Changes, enter the total amount to be paid during the term of the lease if the installment amounts are being changed.

17. Enter the amount due by the first installment date entered. For monthly leases enter the full installment due by the date entered in the installment date (i.e., the monthly installment amount multiplied by 12). For transitional housing, the amount must equal \$1, and for natural disaster, the amount may be left blank if Item 16 is equal to \$0.
18. Enter the date the first installment amount is due. If this date is not the same as Item 10, the date must be 1 year from Item 9. For transitional housing and natural disaster, this date must be the same date as in Item 10. If the effective date of the lease is 02/29, the date of the first installment due must be 02/28 of the following year.
19. Enter the installment amount due by the second installment date entered. For monthly leases enter the full amount due by the date entered in the installment date.
20. Enter the date the second installment amount is due. The date must be 1 year from Item 18, unless the date is the same as in Item 10.
21. Enter the installment amount due by the third installment date entered. For monthly leases enter the full amount due by the date entered in the installment date.
22. Enter the date the third installment amount is due. The date must be 1 year from Item 20, unless the date is the same as in Item 10.

23. Enter the installment amount due by the fourth installment date entered. For monthly leases enter the full amount due by the date entered in the installment date.
24. Enter the date the fourth installment amount is due. The date must be 1 year from Item 22, unless the date is the same as in Item 10.
25. Enter the installment amount due by the fifth installment date entered. For monthly leases enter the full amount due by the date entered in the installment date.
26. Enter the date the fifth installment amount is due. If completed this date must be the same date as in Item 10.
27. If a security deposit is required, then record the amount of deposit collected.
28. If a security deposit is collected on the lease, then record the date remitted to the Finance Office.
29. Enter the appropriate code to indicate whether or not the inventory property is subject to redemption rights.
30. If the inventory property is subject to redemption rights, enter the date the rights expire.

FOR TRANSITIONAL HOUSING FOR THE HOMELESS (SFH ONLY) LEAVE BLANK.

31. This block is used to clarify the information in the above entries if necessary, and to add any of the special stipulations authorized by this FMI or by program instructions. See pages 8 and 9 for sample special stipulations.

If additional space is required, place an "X" in the Continuation of Remarks/Special Stipulations box at the bottom of this block and continue on an attached sheet of blank paper which must be attached to all form copies.

If an option to purchase is involved, a special stipulation must be attached similar to sample G to all lease copies and the appropriate box at the bottom of this block must be marked with an "X."

FOR TRANSITIONAL HOUSING FOR THE HOMELESS (SFH ONLY) LEAVE BLANK.

32. Enter the appropriate address, county, and state where the property is located.

FOR TRANSITIONAL HOUSING FOR THE HOMELESS (SFH ONLY) LEAVE BLANK.

33. The lease is first signed and dated by the lessee(s).

The lease is then signed by the FmHA official who has the jurisdiction over the property, normally the County Supervisor, District Director, who also enters his/her title and the date signed.

SAMPLE SPECIAL STIPULATIONS

- a. **SECURITY INSTRUMENTS.** – The Lessee shall execute and deliver to the Government, as security for any or all payments due or to become due, such financing statements and security agreements, chattel mortgages or other instruments of security as the Lessor may require upon any chattels of the Lessee, including crops, and shall pay the costs of recording or filing such instruments.
- b. **SWIMMING POOLS.** – Lessee hereby releases, relieves and holds Lessor blameless for any damage or injury to persons or property caused as a result of the use of the swimming pool by Lessee. No children under the age of twelve (12) years of age will be allowed in or about the swimming pool unless accompanied by an adult.
- c. **RULES AND REGULATIONS.** – The Lessee shall comply with the rules and regulations adopted by the Lessor during the existence of this lease and posted in or about said building, or otherwise brought to the notice of Lessee both in regard to the buildings as a whole and to the premises leased.
- d. **CASH VALUE OF CROPS OR LIVESTOCK.** – The Lessee shall pay to the order of the Lessor an amount equivalent to the market value of the agricultural commodities produced as specified in the following table.

_____ percent of 19_____	_____ crop
_____ percent of 19_____	_____ crop
_____ percent of 19_____	_____ crop

The market value shall be determined the date of marketing or 10 days prior to expiration of the lease whichever is earlier. Rental shall be due and payable the date market value is determined.

- e. **PERIODIC PAYMENT.** – The Lessee shall pay to the order of the Lessor on or before the _____ day of the month set forth below and in the amounts set forth below, beginning in _____
- (month) (year)

January _____ \$ _____	May _____ \$ _____	September _____ \$ _____
February _____ \$ _____	June _____ \$ _____	October _____ \$ _____
March _____ \$ _____	July _____ \$ _____	November _____ \$ _____
April _____ \$ _____	August _____ \$ _____	December _____ \$ _____

- f. **LEASE RENEWAL.** – *The Lessee or the Lessor may request renewal of the original period of the lease at the same terms and conditions for a similar period of time. This request must be made in writing to the other party to the lease not less than thirty days prior to the end of the lease period for which the renewal is made. Affirmative response in writing by the other party to the lease must be made prior to the end of the current lease in order for the renewal to become effective. No response or a negative response shall cause the lease to expire at the end of the current base period.

[*In place of this paragraph, when Farmer Program Homestead Protection property is involved and the original lease is for less than five years, insert the following: The Lessee may request extension of the lease for a period of _____ years at the same terms and conditions, but such term shall not extend beyond 5 years from the date of the beginning of the term of the original lease. This request must be made in writing at any time prior to the end of the original lease period. Affirmative response in writing by the Lessor must be made prior to the end of the current lease in order for the renewal to become effective. No response or a negative response shall cause the lease to expire at the end of the current base period.]

Homestead Protection Property and Leaseback. All Homestead Protection property and Leaseback property will be leased with an option to purchase in the following format.

g. **OPTION TO PURCHASE.** – Provided Lessee is not then in default under the terms of the Lease and provided that this lease has not been previously terminated or cancelled, then Lessor gives to Lessee the option to purchase the real property described in this lease.

- (1) The Lessee may exercise the option to purchase at any time prior to the expiration of the Lease by delivering to the FmHA County Supervisor a signed, written statement notifying FmHA that the Lessee is exercising the option to purchase the property. Failure to exercise the option within the lease term will end Lessee's rights under the option to purchase.
- (2) [Homestead Protection Property Only] The purchase price for the leased property shall be the then current fair market value of the leased property as determined by an appraisal. The appraisal shall be made by an independent real estate appraiser selected by the Lessee from a list of at least three appraisers approved by the County Supervisor.

[Leaseback Property Only] The purchase price will be the appraised market value of the leased property at the time the option is exercised. The purchase price will be established as of the date the option is exercised as determined by the County Supervisor pursuant to Subpart E of Part 1922 of Title 7 of the Code of Federal Regulations (FmHA Instruction 1922-E) and supported by a current appraisal on Form FmHA 1922-1, "Appraisal Report-Farm Tract." If the lessee disagrees with the proposed purchase price the lessee can appeal such determination under Subpart B of Part 1900 of Title 7 of the Code of Federal Register.

- (3) Unless the Lessee otherwise informs the County Supervisor in the written notice exercising the option to purchase, the leased property will be sold for all cash and the sale will close within 30 days of the date of exercise of the option. If the Lessee has notified FmHA in the notice exercising the option that the Lessee wants to purchase the leased property on a credit sale, the Lessee must furnish FmHA with financial information sufficient for FmHA to make a determination that Lessee is creditworthy. [For Homestead Protection Property only add: If a credit sale is approved the purchase price will be paid in equal monthly installments with principal and interest amortized over 35 years at the then current FmHA interest rate for Homestead Protection property.]

h. **LESSOR'S RIGHT TO TERMINATE FOR LESSEE'S DEFAULT ONLY.** – The Lessee shall have the right to occupy and/or operate the real property described in the lease for the full term of the lease, provided the Lessee does not violate the general conditions. Willful violation of any general conditions shall enable the Lessor to terminate the lease upon 30 days written notice to the Lessee at Lessee's address set forth.

i. **HIGHLY ERODIBLE LAND OR WETLAND.** – The Lessee shall not use the property for any purpose that will contribute to excessive erosion of any highly erodible land identified in the attached Form SCS-CPA-26, "Highly Erodible Land and Wetland Conservation Determination," or to the conversion of any wetlands identified in the attached Form SCS-CPA-26 to produce an agricultural commodity, as further explained in Exhibit M to Subpart G of Part 1940 of this chapter. The Lessee further agrees not to produce an agricultural commodity on any converted wetlands identified in the attached Form SCS-CPA-26.

j. [Add the following special stipulation for leases of leaseback/buyback property]

"The lessee acknowledges that the real property identified as wetland on the topographical map attached to this lease will not be used for agricultural production or pasture/forage purposes except in accordance with the attached wetland conservation plan. The lessee further acknowledges that in the event FmHA regulations are amended to permit a less restrictive use of the wetland area, that the terms of the lease may be amended to permit a greater use of the wetland area and the lease payment adjusted accordingly. Likewise, in the event the lessee exercises the option to purchase the property, and FmHA regulations permit at that time a less restrictive use of the wetland area, the lessee may purchase the property with the less restrictive easement provisions."

k. Add the following stipulation in place of paragraph 18 of Form FmHA 1955-20 for leases of Homestead Protection property only:

"**ASSIGNMENT AND SUBLETTING.** The leased premises may not be sublet, in whole or in part, nor the lease assigned, voluntarily or otherwise, except that in the case of the death or incompetency of the lessee the lease may be assigned to and assumed by the spouse of the lessee."

(1) Add the following stipulation in place of paragraph 18 of Form FmHA 1955-20 for Leaseback Property only:

"**ASSIGNMENT AND SUBLETTING.** The leased premises may not be sublet in whole or in part nor the lease assigned without the prior written consent of the Lessor."